

Street Lighting Maintenance and Renewal Contracts

Recommendation

That the Board:

- i. Receives this report advising of the award of the four new street light maintenance contracts.

Executive summary

In March 2015 the Board delegated authority to the Chair, one other Director and the Chief Executive to approve the award of the four new Street Light Maintenance and Renewal Contracts.

These four contracts will replace the nine existing legacy contracts and comprise all street light maintenance and renewal activities including the installation of LED luminaires to replace the existing 70W HPS luminaires on the network.

The successful tenderers are Downer (Central and South contracts) and Electrix (North and West contracts) as follows:

Central	Downer
South	Downer
North	Electrix
West	Electrix

The commencement date of the new contracts is 1 August 2015.

The new contracts will deliver a consistent and higher level of service across the region, improved customer service and better value for money.

Strategic context

The award of these new contracts will directly contribute towards the achievement of Impacts 2 and 5 of AT's Statement of Intent (SOI) by providing a higher level of service in respect to street lighting. They will improve safety on the road network and the level of customer satisfaction through a more proactive approach in identifying faults and reducing response times to outages.

The LED retrofitting programme will also contribute towards the achievement of Impact 6 by reducing electricity usage.

Background

There are four area-based contracts which will replace the 9 existing legacy contracts across the region.

These contracts are for four years (with an option for two extensions of one year each at AT's discretion) and comprise the carrying out of all maintenance, renewals and minor capital works on the street lighting network. They also include the replacement of the existing 70W high pressure sodium (HPS) luminaires with approved LED luminaires. Stage 1 of the LED replacement programme involves the replacement of 40,000 70W HPS luminaires over 5 years. This will reduce electricity use, reduce maintenance costs as the lamps have a longer life and improve the standard of lighting and safety on our residential streets.

The installation of the central management system in conjunction with the LED replacement programme will provide further savings by allowing lighting levels to be adjusted during periods of low demand and reducing the need for routine maintenance inspections as street light outages will be able to be identified remotely. This will reduce the number of customer calls relating to street light outages and improve customer satisfaction.

The procurement process was a two stage process with an Expressions of Interest (EOI) stage undertaken which resulted in the short-listing of 5 tenderers for each contract. These tenderers were then invited to submit tenders in the Request for Tenders (RFT) stage.

Tenders were evaluated using the Price Quality Method with the non-price attributes making up 30% of the evaluation score and price the remaining 70%. The non-price attributes evaluated in the EOI stage made up 10% of the 30% non-price attribute score, with the non-price attributes evaluated in the RFT stage amounting for the remaining 20%. All participants scored a Pass mark for Health and Safety and Financial Viability, which were evaluated as pass/fail in the EOI.

It was a requirement of the procurement process that no tenderer could be awarded or participate in more than two of the contracts.

The Tender Evaluation Plan provided a method for assigning the contracts should a tenderer be the preferred tenderer for more than two contracts. This method determined the lowest price outcome for AT across the four contracts.

Issues and options

The successful tenderers are Downers (Central and South contracts) and Electrix (North and West contracts) as below:

Central	Downer
South	Downer
North	Electrix
West	Electrix

The combined value of the new contracts is \$56.8 million compared with the approved maintenance and renewal budget of \$57.7 million for 4 years.

Tender price clarification meetings were held with both the successful tenderers to ensure that thoroughly understood the contract requirements and had sufficient resources, contract management and field crews to carry out more than one contract. During the price clarification period tender rates were checked and renegotiated in some instances. Additional cost savings were also attained to reflect the potential savings arising from winning more than one contract.

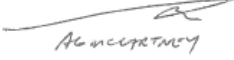


The tender evaluation process and the subsequent price clarification period took longer than anticipated and have necessitated the commencement date being changed to 1 August 2015.

This was considered necessary to allow sufficient time for the new contractors to meet the pre-commencement requirements and to mobilise the necessary resources so as to be ready for a smooth transition on Day 1. It will also allow time for the incumbent contractors (where applicable) to dis-establish and redeploy the existing contract management staff and field crews.

Next steps

The successful tenderers are mobilising and will commence the new contracts on 1 August 2015

Document ownership

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Glossary

Acronym	Description
LED	Light Emitting Diode
HPS	High Pressure Sodium